Ascendere Associates LLC   Innovative Long/Short Equity Research

Model Portfolio Monthly Update: January 31, 2016

There are limitations inherent in our theoretical model results, particularly with the fact that such results do not represent actual trading and they may not reflect the impact material economic and market factors might have had on our decision making if we were actually managing client money. Please see additional disclaimers and disclosures at the back of this report.

We highlight stocks that demonstrate solid growth at a reasonable price (GARP). Stocks selected for our model portfolio strategies all rank highly for the following metrics, with an emphasis on proxies for cash flow growth and ROIC:

- Relative Value
- Operating Momentum
- Analyst Revision Momentum
- Fundamental Quality

Pages 2-6 contain brief commentary and highlights of a few stocks that seem particularly attractive.

Page 7 contains rebalancing actions for our long-only model portfolio.

Page 8 contains rebalancing actions for our short-only model portfolio.

Target and stop prices, as well as updated return data, to be provided in our daily reports that will follow.

Notes:

Readers that would like to follow our daily price target changes can follow us on our Seeking Alpha instablog or on Tumblr. To see how we manage real-time derivations of this model visit us on InvestFeed, StockViews, Marketocracy (non-tax and tax-efficient) and Harvest Exchange.

Commentary

Theoretical long/short models significantly outperform "real" hedge funds in 2015
BarclayHedge 2015 data has been compiled for the returns of long/short hedge funds, showing average returns of +2.51%. In contrast, our theoretical Core Long/Short model returned +17.52% and our Opportunistic Long/Short model returned +28.68%.

Theoretical Core Long/Short Model Portfolio Outperforms in January 2016
January 2016 was a tough month for our theoretical long-only model portfolios, but one of our theoretical long/short models significantly outperformed for another month.

Our theoretical **Core Long Model** declined -10.15% in January versus a -4.99% decline in the S&P 500. The **Opportunistic Long Model** posted a decline of -11.58% after assuming a 100% cash position just prior to the close on January 21.

(Both portfolios use the same basket of stocks but the Opportunistic model moves to 70% and 100% cash allocations during periods of high volatility or when portfolio return targets are met.)

Our theoretical **Core Long/Short Model** improved by +5.13% for the month, a presumed short sale gain of +15.28% offsetting the -10.15% decline in the long model.

Our theoretical **Opportunistic Long/Short** model posted a decline of -1.62% for the month. A theoretical short sale gain of +9.96% was locked in when this model assumed a 100% cash position just prior to the January 7 close. However, the -11.58% decline in the long model portfolio more than offset this.

The best model portfolio stocks in January 2016
The best performing stock in the long model was **Tractor Supply Company (TSCO)**, up +3.29%, and the worst performing stock was **East West Bancorp (EWBC)**, down -21.99%.

The best performing stock in the short model portfolio was **Platform Specialty Products Corporation (PAH)**, down -40.53% for the month and assumed closed on January 9 after declining -30.94% for the equivalent theoretical short sale gain. The worst performing stock in the short model was **Cree Inc. (CREE)**, up +5.10.

Selected returns

Last month we highlighted **Avnet, Inc. (AVT)** as our favorite long stock idea, which declined -6.82% for the month. Our favorite short ideas was **Baker Hughes Inc. (BHI)**, which ended the month down -5.72% but was assumed closed on January 14 for a theoretical short sale gain of +10.79%.

Looking ahead to February 2016

13 stocks have left the long-only model, 12 have been added, and 11 were assumed to have been rebalanced as of the January 29, 2016 close.

Reasons for leaving long model portfolio as of the January 29, 2016 close

- The Interpublic Group of Companies, Inc. (IPG) – Slowing estimate revision momentum.
- Tractor Supply Company (TSCO) – Sharply lower analyst revisions.
- First Citizens Bancshares Inc. (FCNC.A) – Slowing operating momentum.
- East West Bancorp, Inc. (EWBC) – Slowing operating momentum.
- Cullen/Frost Bankers, Inc. (CFR) – Sharply lower estimate revisions.
- China Biologic Products, Inc. (CBPO) – Slowing estimate revision momentum.
- Huntington Ingalls Industries, Inc. (HII) – No change in positive status. Better ideas available.
- Texas Instruments Inc. (TXN) – Sharply lower estimate revisions.
- Leidos Holdings, Inc. (LDOS) – No change in positive status. Better ideas available.
- Avnet, Inc. (AVT) – Sharply lower estimate revisions.
- Juniper Networks, Inc. (JNPR) – Sharply lower estimate revisions.
- Intel Corporation (INTC) – Slowing operating momentum.
- eBay Inc. (EBAY) – Sharply lower estimate revisions.

Our favorite new long idea is NXP Semiconductors

Consensus estimates imply that **NXP Semiconductors (NXPI)** is poised for explosive growth and yet it is still trading at a decent relative value. The stock fits the profile of other stocks that have seen significant price appreciation such as Netflix, Inc. (NFLX), Apple, Inc. (APPL), and more recently, NVIDIA Corp. (NVDA). While this simple quantitative profile does not always lend itself to outperformance in the stock price, the potential reward/risk tends to be favorable.

Ranking Data as of January 31, 2016

NXP Semiconductors NV
NasdaqGS:NXPI

Information Technology
Semiconductors

Ascendere Ranking		Price 02/01/16		75.94	Cash		(2,492)	EV/LTM EBITDA		11.7
		Shares		231	Debt		5,050	Price/Book		19.4
		Market Cap		17,262	Other		268			
5 = Best	**Rank**				Enterprise Value		20,088			
Relative Value	3									
Operating Momentum	4	CY1 Consensus EPS Est.	$	5.36	CY1 PE		14.2	Total Capital	$	6,207
Analyst Revisions Mom	5	CY2 Consensus EPS Est.	$	5.66	CY2 PE		13.4	Debt/Capital		41%
Fundamental Quality	5	Latest Annualized Dividend	$	-	Div Yield		0.0%	Debt/Enterprise Value		25%

Source: Capital IQ data and estimates, and Ascendere Associates LLC data and estimates.

NasdaqGS:NXPI	LTM+4Q	LTM+3Q	LTM +2Q	LTM +1Q	Last LTM	LTM-1	LTM-2	LTM -3	LTM -4
NOPLAT	2,093	1,735	1,454	1,254	956	723	584	792	728
Economic Charge	1,026	990	959	933	948	1,014	1,009	994	1,018
Economic Profit	**1,067**	**745**	**496**	**321**	**8**	**(291)**	**(425)**	**(202)**	**(290)**
Y/Y change	43.2%	50.3%	54.6%	3859.1%	-102.8%	-31.6%	110.2%	-30.2%	2.4%
NOPLAT	2,093	1,735	1,454	1,254	956	723	584	792	728
Operating Capital	8,930	8,613	8,345	8,124	8,254	8,257	8,216	8,204	8,184
ROIC (NOPLAT / Operating Capital)	**23.4%**	**20.1%**	**17.4%**	**15.4%**	**11.6%**	**8.8%**	**7.1%**	**9.7%**	**8.9%**
NOPLAT	2,093	1,735	1,454	1,254	956	723	584	792	728
5 Qtr Average Operating Capital	8,503	8,334	8,245	8,213	8,223	8,236	8,242	8,266	8,306
ROIC (NOPLAT / Operating Capital)	**24.6%**	**20.8%**	**17.6%**	**15.3%**	**11.6%**	**8.8%**	**7.1%**	**9.6%**	**8.8%**

Source: Ascendere Associates assumptions, estimates and data, XBRLAnalyst data and consensus estimates, and S&P Capital IQ data and consensus estimates.

Our favorite short idea is Steel Dynamics

Our favorite short idea is **Steel Dynamics, Inc. (STLD).** This is an interesting short sale idea and a stock I used to know very well. As an associate at PaineWebber, I was part of the team that launched coverage initiation following their IPO almost 20 years ago. Steel Dynamics is actually one of the best managed steel companies in the industry. However, when steel prices are down, when there are indications of an ongoing slowdown in commodity rail freight traffic, and when steel imports seem to be right around the corner – there is a high risk that every stock in the industry will be hurt, and for much longer than anyone can anticipate.

Sell side analysts indicate that they expect a recovery in the company's earnings in 2016, and I even came across a media piece making the case for such a recovery for competitor **Nucor Corp. (NUE)**. It is the job of a steel company CEO to be optimistic. While steel management teams and workers are the hardest working and most optimistic executives I have ever met, talking a good game is not going to protect the stock prices from global macro headwinds, in my opinion. Honorable mention for another good short sale idea is **Freeport-McMoran (FCX)**. In my opinion, now is not the time to be bottom fishing in commodity producers whether it be steel, copper, coal or oil.

Ranking Data as of January 31, 2016

Steel Dynamics Inc.
NasdaqGS:STLD

Materials
Steel

Ascendere Ranking		Price 02/01/16		17.97	Cash	(727)	EV/LTM EBITDA		9.5
		Shares		242	Debt	2,595	Price/Book		1.7
		Market Cap		4,351	Other	(8)			
5 = Best	**Rank**				Enterprise Value	6,210			
Relative Value	2								
Operating Momentum	2	CY1 Consensus EPS Est.	$	1.18	CY1 PE	15.2	Total Capital	$	5,266
Analyst Revisions Mom	1	CY2 Consensus EPS Est.	$	1.74	CY2 PE	10.3	Debt/Capital		35%
Fundamental Quality	1	Latest Annualized Dividend	$	0.55	Div Yield	3.0%	Debt/Enterprise Value		42%

Source: Capital IQ data and estimates, and Ascendere Associates LLC data and estimates.

NasdaqGS:STLD	LTM+4Q	LTM+3Q	LTM +2Q	LTM +1Q	Last LTM	LTM-1	LTM-2	LTM -3	LTM -4
NOPLAT	495	409	384	326	(52)	202	198	218	196
Economic Charge	419	418	421	426	436	500	543	557	553
Economic Profit	**76**	**(9)**	**(37)**	**(100)**	**(488)**	**(298)**	**(344)**	**(339)**	**(357)**
Y/Y change	-904.7%	-74.5%	-63.2%	-79.5%	63.5%	-13.4%	1.6%	-5.1%	115.2%
NOPLAT	495	409	384	326	(52)	202	198	218	196
Operating Capital	4,879	4,874	4,905	4,966	5,077	5,875	5,900	6,144	6,284
ROIC (NOPLAT / Operating Capital)	**10.1%**	**8.4%**	**7.8%**	**6.6%**	**-1.0%**	**3.4%**	**3.4%**	**3.5%**	**3.1%**
NOPLAT	495	409	384	326	(52)	202	198	218	196
5 Qtr Average Operating Capital	4,906	4,955	5,206	5,454	5,856	6,173	6,023	5,865	5,637
ROIC (NOPLAT / Operating Capital)	**10.1%**	**8.3%**	**7.4%**	**6.0%**	**-0.9%**	**3.3%**	**3.3%**	**3.7%**	**3.5%**

Source: Ascendere Associates assumptions, estimates and data, XBRLAnalyst data and consensus estimates, and S&P Capital IQ data and consensus estimates.

Tax efficient portfolio

We have started managing a tax-efficient theoretical portfolio on the Harvest Exchange website. This strategy went long a basket of stocks from last month's model portfolio report. Instead of rebalancing every month, we will use our discretion to occasionally replace some of the worst performers with an alternative. Earlier today we removed **Cullen/Frost Bankers, Inc. (CFR)** and **East West Bancorp, Inc. (EWBC)** from this model. We have yet to replace these stocks with alternative, but we are likely to replace them with **Cincinnati Financial Corp (CINF)** and **Signature Bank (SBNY)**. For diversification, we are also considering adding two well-known and drastically undervalued biotech names that are unlikely to be flagged by our model portfolio criteria for several years.

Long running advice regarding the use of our model portfolio report

Wayne Gretzky said it best – "skate to where the puck is going to be, not where it has been." Quantitative screens like the one in this report show where a stock has been and assume the trajectory is fixed. Of course, this is not always the case. The best investors will use this model portfolio as guidance, and not the end all. At the same time, the model does well enough on its own, often beating the indices with ease (though not this past month). With a little effort, we hope that active fundamental portfolio managers will do even better.

Long Model Portfolio -- Rebalancing Actions

1/31/2016 Rebalancing

Core and Opportunistic Long Portfolio:

23 stocks in the model portfolio = 4.35% weight per position

Close Position		Hold/Rebalance		Open Position	
The Interpublic Group of Compan	IPG	The Walt Disney Company	DIS	O'Reilly Automotive Inc.	ORLY
Tractor Supply Company	TSCO	Jones Lang LaSalle Incorporate	JLL	Sprouts Farmers Market, Inc.	SFM
First Citizens Bancshares Inc.	FCNC.A	PrivateBancorp, Inc.	PVTB	Signature Bank	SBNY
East West Bancorp, Inc.	EWBC	United Therapeutics Corporatio	UTHR	Cincinnati Financial Corp.	CINF
Cullen/Frost Bankers, Inc.	CFR	Gilead Sciences Inc.	GILD	DENTSPLY International Inc.	XRAY
China Biologic Products, Inc.	CBPO	Centene Corp.	CNC	Spirit AeroSystems Holdings, Inc.	SPR
Huntington Ingalls Industries, Inc.	HII	Amgen Inc.	AMGN	Automatic Data Processing, Inc.	ADP
Texas Instruments Inc.	TXN	Linear Technology Corporation	LLTC	IPG Photonics Corporation	IPGP
Leidos Holdings, Inc.	LDOS	VeriSign, Inc.	VRSN	CDW Corporation	CDW
Avnet, Inc.	AVT	Manhattan Associates, Inc.	MANH	NXP Semiconductors NV	NXPI
Juniper Networks, Inc.	JNPR	NVIDIA Corporation	NVDA	FEI Company	FEIC
Intel Corporation	INTC			NetEase, Inc.	NTES
eBay Inc.	EBAY				

Source: Ascendere Associates LLC

Short Model Portfolio -- Rebalancing Actions

When the market anticipates an improving economy from low price levels, low-quality stocks will at times out-perform high-quality stocks as the expected improvements in fundamentals are discounted from a relatively more depressed price level.

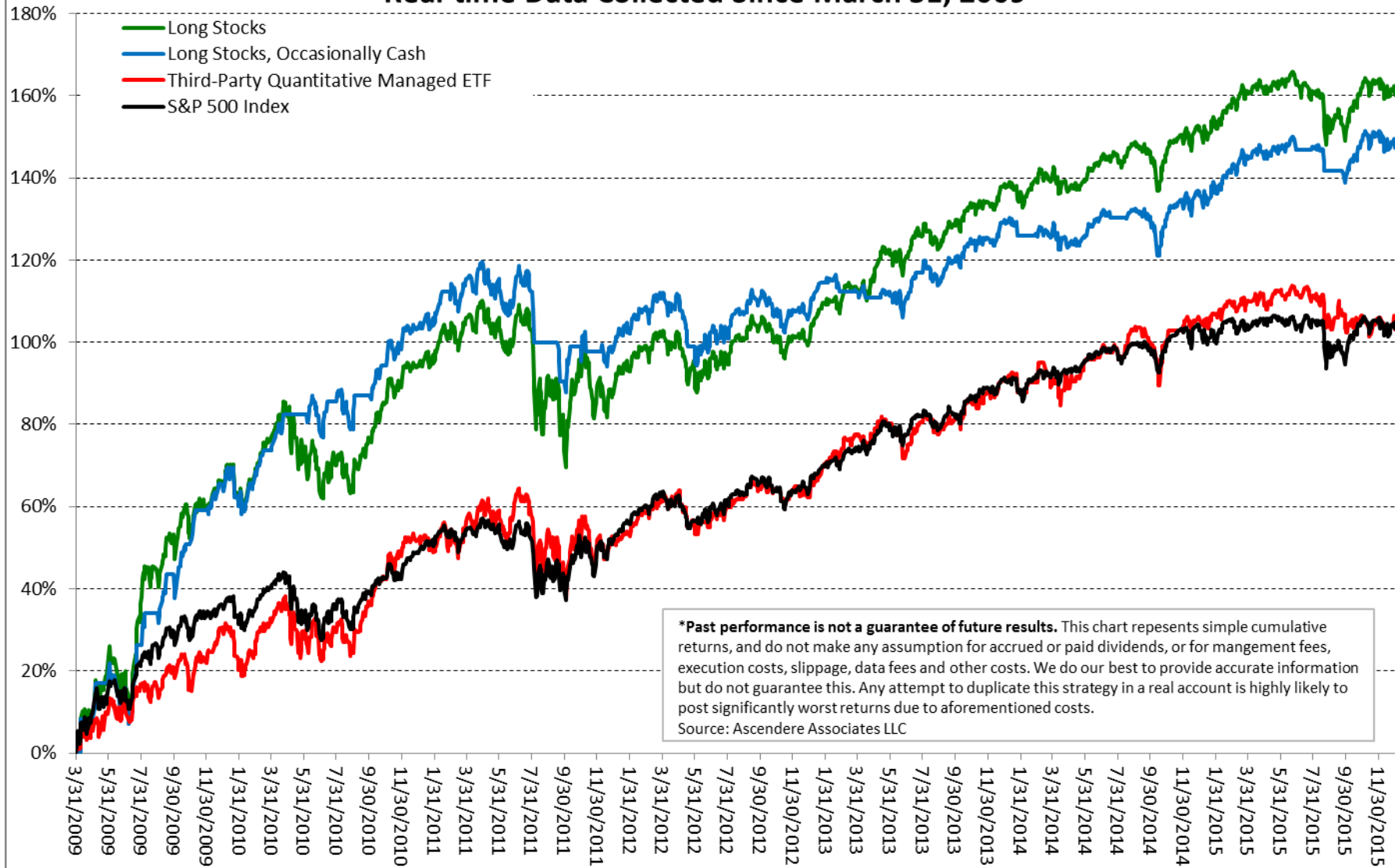| 1/31/2016 Rebalancing							
Core and Opportunistic Short Portfolio:							
20 stocks in the model portfolio = 5.00% weight per position							
Close Position			**Hold/Rebalance**			**Open Short Sale**	
Wynn Resorts Ltd.	WYNN		TripAdvisor Inc.	TRIP		Apache Corp.	APA
Netflix, Inc.	NFLX		Melco Crown Entertainment Lir	MPEL		Williams Partners L.P.	WPZ
Baker Hughes Incorporated	BHI		Weatherford International plc	WFT		EnLink Midstream Partners, LP	ENLK
Woodward, Inc.	WWD		ConocoPhillips	COP		Williams Companies, Inc.	WMB
Colfax Corporation	CFX		Noble Energy, Inc.	NBL		Royal Dutch Shell plc	RDS.B
Sensata Technologies Holding N'	ST		Sunoco Logistics Partners L.P	SXL		Hess Corporation	HES
Qorvo, Inc.	QRVO		Deutsche Bank AG	DB		RPC Inc.	RES
Cree, Inc.	CREE		Avis Budget Group, Inc.	CAR		Cavium, Inc.	CAVM
Zillow Group, Inc.	ZG		Yandex N.V.	YNDX		Steel Dynamics Inc.	STLD
Yahoo! Inc.	YHOO		Albemarle Corporation	ALB		Freeport-McMoRan Inc.	FCX
Platform Specialty Products Corp	PAH						
						Source: Ascendere Associates LLC	

Return Data

Core & Opportunistic Long Model

12/31/2015 to 1/29/2016

Sector	Company	Ticker	12/31/2015	1/29/2016	MTD Performance	Target/ Stop Date	Date+1 Sell Price	Return
Consumer Discretionary	Tractor Supply Company	TSCO	85.50	88.31	3.29%			
Industrials	Huntington Ingalls Industries, Inc.	HII	126.85	127.88	0.81%			
Information Technology	Linear Technology Corp.	LLTC	42.47	42.73	0.61%			
Information Technology	Texas Instruments Inc.	TXN	54.81	52.93	-3.43%			
Consumer Discretionary	Interpublic Group of Companies Inc.	IPG	23.28	22.44	-3.61%			
Financials	First Citizens Bancshares Inc.	FCNC.A	258.17	246.06	-4.69%			
Health Care	Centene Corp.	CNC	65.81	62.06	-5.70%			
Health Care	Amgen Inc.	AMGN	162.33	152.73	-5.91%			
Information Technology	Avnet Inc.	AVT	42.84	39.92	-6.82%			
Financials	Privatebancorp Inc.	PVTB	41.02	37.63	-8.26%			
Consumer Discretionary	Walt Disney Co.	DIS	105.08	95.82	-8.81%			
Information Technology	Intel Corp.	INTC	34.45	31.02	-9.96%			
Healthcare	China Biologic Products, Inc.	CBPO	142.46	128.27	-9.96%			
Information Technology	NVIDIA Corporation	NVDA	32.96	29.29	-11.13%			
Financials	Jones Lang Lasalle Inc.	JLL	159.86	140.72	-11.97%			
Information Technology	Manhattan Associates, Inc.	MANH	66.17	57.65	-12.88%			
Information Technology	VeriSign Inc.	VRSN	87.36	75.60	-13.46%			
Information Technology	Juniper Networks, Inc.	JNPR	27.60	23.60	-14.49%			
Information Technology	eBay Inc.	EBAY	27.48	23.46	-14.63%			
Health Care	Gilead Sciences Inc.	GILD	101.19	83.00	-17.98%			
Information Technology	Leidos Holdings, Inc.	LDOS	56.26	46.12	-18.02%			
Financials	Cullen/Frost Bankers, Inc.	CFR	60.00	47.86	-20.23%			
Health Care	United Therapeutics Corp.	UTHR	156.61	123.18	-21.35%			
Financials	East West Bancorp Inc.	EWBC	41.56	32.42	-21.99%			

Core & Opportunistic Short Model

12/31/2015 to 1/29/2016

MTD

Sector	Company	Ticker	12/31/2015	1/29/2016	Performance	Target/ Stop Date	Date+1 Sell Price	Return
Materials	Platform Specialty Products Corpora	PAH	12.83	7.63	-40.53%	1/8/2016	$ 8.86	-30.94%
Industrials	Avis Budget Group, Inc.	CAR	36.29	26.27	-27.61%	1/7/2016	$ 30.69	-15.43%
Financials	Deutsche Bank AG	DB	24.15	17.89	-25.92%	1/14/2016	$ 20.96	-13.21%
Information Technology	Qorvo, Inc.	QRVO	50.90	39.60	-22.20%	1/13/2016	$ 39.42	-22.55%
Consumer Discretionary	TripAdvisor LLC	TRIP	85.25	66.76	-21.69%	1/14/2016	$ 70.63	-17.15%
Industrials	Sensata Technologies Holding NV	ST	46.06	36.70	-20.32%	1/7/2016	$ 39.98	-13.20%
Consumer Discretionary	Netflix, Inc.	NFLX	114.38	91.84	-19.71%	1/26/2016	$ 91.15	-20.31%
Energy	Weatherford International Ltd.	WFT	8.39	6.74	-19.67%	1/11/2016	$ 6.66	-20.62%
Energy	ConocoPhillips	COP	46.69	39.08	-16.30%	1/11/2016	$ 40.25	-13.79%
Information Technology	Yandex N.V.	YNDX	15.72	13.42	-14.63%	1/8/2016	$ 12.86	-18.19%
Energy	Sunoco Logistics Partners LP	SXL	25.70	22.27	-13.35%	1/11/2016	$ 21.13	-17.78%
Information Technology	Zillow, Inc.	Z	23.48	20.50	-12.69%	1/14/2016	$ 20.83	-11.29%
Information Technology	Yahoo! Inc.	YHOO	33.26	29.51	-11.27%	1/13/2016	$ 30.32	-8.84%
Consumer Discretionary	Melco Crown Entertainment Ltd.	MPEL	16.80	15.24	-9.29%	1/7/2016	$ 14.15	-15.77%
Industrials	Woodward, Inc.	WWD	49.66	46.19	-6.99%	1/15/2016	$ 44.94	-9.50%
Materials	Albemarle Corp.	ALB	56.01	52.64	-6.02%	1/8/2016	$ 48.04	-14.23%
Energy	Baker Hughes Inc.	BHI	46.15	43.51	-5.72%	1/13/2016	$ 41.17	-10.79%
Industrials	Colfax Corporation	CFX	23.35	22.14	-5.18%	1/8/2016	$ 20.39	-12.68%
Consumer Discretionary	Wynn Resorts Ltd.	WYNN	69.19	67.34	-2.67%	1/11/2016	$ 55.62	-19.61%
Energy	Noble Energy, Inc.	NBL	32.93	32.37	-1.70%	1/13/2016	$ 29.07	-11.72%
Information Technology	Cree Inc.	CREE	26.67	28.03	5.10%			

Theoretical Model Portfolio* 01/29/16	MTD	YTD	Since 03/31/09	Sharpe
Simple Returns (No Compounding)				

Stock Targets

Core Model	MTD	YTD	Since 03/31/09	Sharpe
Long	-10.15%	-10.15%	149.9%	0.94
Short	-15.28%	-15.28%	49.0%	0.35
Core Long/Short	5.13%	5.13%	101.0%	0.93

Stock Targets and Portfolio Targets

Opportunistic Model	MTD	YTD	Since 03/31/09	Sharpe
Long	-11.58%	-11.58%	135.6%	1.11
Short	-9.96%	-9.96%	-7.5%	(0.06)
Opportunistic Long/Short	-1.62%	-1.62%	143.2%	1.39

Stock Targets and Portfolio Targets

Opportunistic Model III	MTD	YTD	Since 03/31/09	Sharpe
Long Stocks	-11.58%	-11.58%	135.6%	1.11
Long Inverse ETF ^SH	6.05%	6.05%	-70.6%	(0.74)
Opportunistic Long/Short III	-5.53%	-5.53%	65.1%	0.73

S&P 500 Index	-4.99%	-4.99%	98.24%	0.87

* Return figures are calculated using cumulative simple returns. This table represents returns of several theoretical portfolios that do not assume any costs. This table is not to be construed as advertising for any investment service. Real portfolios that attempt to exactly replicate these theoretical strategies will generate lower returns relative to these models due to slippage, transaction costs, tax expenses and other costs. There are limitations inherent in our theoretical results, particularly with the fact that such results do not represent actual trading and they may not reflect the impact material economic and market factors might have had on our decision making if we were actually managing client money. We do our best to provide accurate information, but do not guarantee this. Please see additional disclosures and disclaimers.

Simple Returns -- Long Theoretical Model Portfolios vs Actual Third-Party Quantitative ETF vs S&P 500 Total Return Index Real-time Data Collected Since March 31, 2009

Legend:
- Long Stocks
- Long Stocks, Occasionally Cash
- Third-Party Quantitative Managed ETF
- S&P 500 Index

*Past performance is not a guarantee of future results.** This chart repesents simple cumulative returns, and do not make any assumption for accrued or paid dividends, or for mangement fees, execution costs, slippage, data fees and other costs. We do our best to provide accurate information but do not guarantee this. Any attempt to duplicate this strategy in a real account is highly likely to post significantly worst returns due to aforementioned costs.
Source: Ascendere Associates LLC

"Theoretical Dollar Neutral" Strategies
Simple Cumulative Returns
Real-time Data Collected Since March 31, 2009

Legend:
- S&P 500 Index
- Long-Short, Stock Targets and Portfolio Targets
- Long Stocks, Long ^SH

*Past performance is not a guarantee of future results. This chart does not assume any costs that would negatively impact returns. This chart repesents simple cumulative returns collected in real time since March 31, 2009. Ascendere Associates LLC
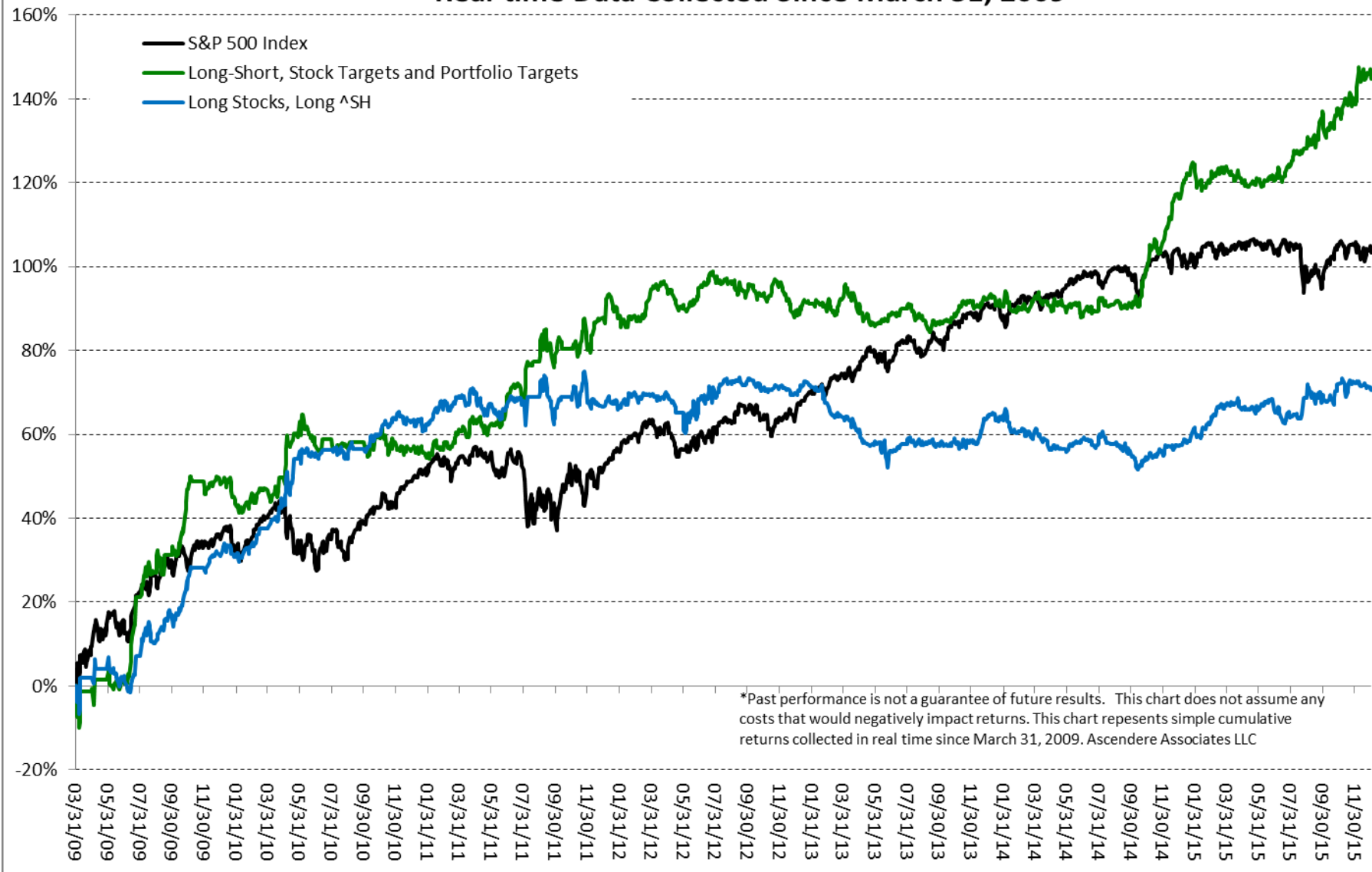
Inception March 31, 2009	Core Long, Stock Targets	Opportunistic Long, Stock and Portfolio Targets	"Dollar Neutral" 1 Long/Short, Stock Targets and Portfolio Targets	"Dollar Neutral" 2 Long, Stock and Portfolio Targets / Long ^SH ETF	S&P 500
1/29/2016	Theoretical	Theoretical	Theoretical	Theoretical	
Simple Returns					
Today	2.38%	0.00%	0.00%	0.00%	2.48%
MTD	-10.15%	-11.58%	-1.62%	-5.53%	-4.99%
YTD	-1.48%	0.05%	27.06%	7.64%	-4.99%
Cumulative from 3/31/2009	149.94%	135.64%	143.16%	65.06%	98.24%
Absolute Risk					
Daily Average	0.09%	0.08%	0.08%	0.04%	0.06%
Daily Range	16.86%	15.84%	11.84%	12.00%	11.40%
Daily Standard Deviation	1.46%	1.12%	0.95%	0.82%	1.04%
Daily Return/Standard Deviation	5.96%	7.03%	8.76%	4.62%	5.48%
Average 90-Day T-bill	1.28%	1.28%	1.28%	1.28%	1.28%
Annualized Daily Returns	21.97%	19.87%	20.98%	9.53%	14.39%
Annualized Standard Deviation	23.2%	17.8%	15.1%	13.0%	16.5%
Sharpe Ratio	0.89	1.04	1.31	0.63	0.79
Percentage Down Days	45.4%	34.8%	42.5%	44.0%	44.9%
Average Daily Downside Value	-1.04%	-0.91%	-0.64%	-0.55%	-0.76%
Daily Downside Deviation	-1.09%	-0.92%	-0.62%	-0.59%	-0.79%
Daily VAR of 1000 at 95% Conf	-23	-18	-15	-13	-17
Benchmark Relative Risk					
Correlation	0.91	0.69	(0.05)	0.03	
R-Squared	0.82	0.48	0.00	0.00	
Daily Tracking Error	0.68%	0.85%	1.44%	1.30%	
Regression					
Beta	1.27	0.75	-0.04	0.03	
Daily Alpha	0.030%	0.022%	0.026%	-0.019%	
Jensen's Daily Alpha	0.038%	0.016%	-0.001%	-0.001%	
Trading Days	1720	1720	1720	1720	

*Returns calculated by the simple return method (not compounded).

* Portfolio models are theoretical and assume no costs.

* Data collected in real time since 3/31/2009

Source: Ascendere Associates LLC

DISCLOSURES

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J. Stephen Castellano – founded Ascendere Associates LLC to provide innovative equity research and investment advisory services that blends fundamental and quantitative approaches.

In general, our approach is quite simple -- we believe that return on invested capital and long-term earnings growth are key to stock valuation. More specifically, we use powerful and unique financial models that combine publicly available data, consensus estimates and our own inputs to generate consistent and actionable stock recommendations.

Among the services that Ascendere provides are: 1) detailed custom equity research analysis; 2) valuation scenario analysis studies; 3) supply /demand studies; 4) long and short stock idea generation; 5) portfolio feedback; 6) detailed fundamental financial modeling services; and 7) additional analytical consulting services. Additional information is available at jstephencastellano.tumblr.com. Mr. Castellano is currently on the Board of Advisors to GovBrain, and is a consultant to two other financial technology startups.

Mr. Castellano has over 15 years of experience in equity research and related consulting work. At PaineWebber, Warburg Dillon Read and Credit Lyonnais Securities he developed fundamental equity valuation models and conducted in-depth research on the steel and telecom services industries. At Boston Private Value Investors, he developed quantitative models for stock idea generation and also provided general fundamental equity research coverage. Steve received a MBA from the F. W. Olin School of Business at Babson College (2005) and a BA from Oberlin College (1993).

Mr. Castellano's career history is highlighted below:

- Ascendere Associates, LLC (2009-Present)
- Boston Private Value Investors , Equity Research, Equity Research Analyst (2005-2009)
- Pyramid Research, Contract Consultant, Telecom Services (2002-2003)
- Credit Lyonnais Securities (USA), Equity Research, Telecom Services, Vice President (2000-2001)
- Warburg Dillon Read, Equity Research, Telecom Services, Research Associate (1999-2000)
- PaineWebber, Equity Research, Steel and Nonferrous Metals, Research Associate, Editor (1995-1999)